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Celia Nogales
Director - Federal Relations

April 10, 1996

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APR 10 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: **Ex Parte Statement**
CC Docket 95-185 Interconnection Between Local Exchange
Carriers and Commercial Mobile Radio Services Providers

Dear Mr. Caton:

On April 9, 1996, Carol Graczyk, Director - Public Policy, Alan Ashworth, Director - Information Industry Services, Ken Gordon of NERA, and I met, in separate meetings, with Michele Farquhar, Chief, Wireless Bureau, Jim Coltharp, Chief Economist, Wireless Bureau, and members of their staff to discuss Ameritech's position in the above referenced docket as set forth in our comments and reply comments. The attached material was used as part of our discussion.

Sincerely,

A handwritten signature in cursive script, appearing to read "Celia Nogales".

Attachment

cc: M. Farquhar
J. Coltharp
J. Warren
K. Brinkmann
K. O'Brian
D. Grosh
W. Strack
R. Lien
Z. Nakazawa

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Interconnection Between Local Exchange
Carriers and CMRS Providers
CC Docket 95-185



April 8 & 9, 1996

Alan Ashworth
Dr. Kenneth Gordon

- CMRS Interconnection in Ameritech
- Mutual Compensation
- Arbitrage Potential
- Economic Issues of Bill and Keep



CMRS Interconnection at Ameritech

- History of Negotiation
- Current Status

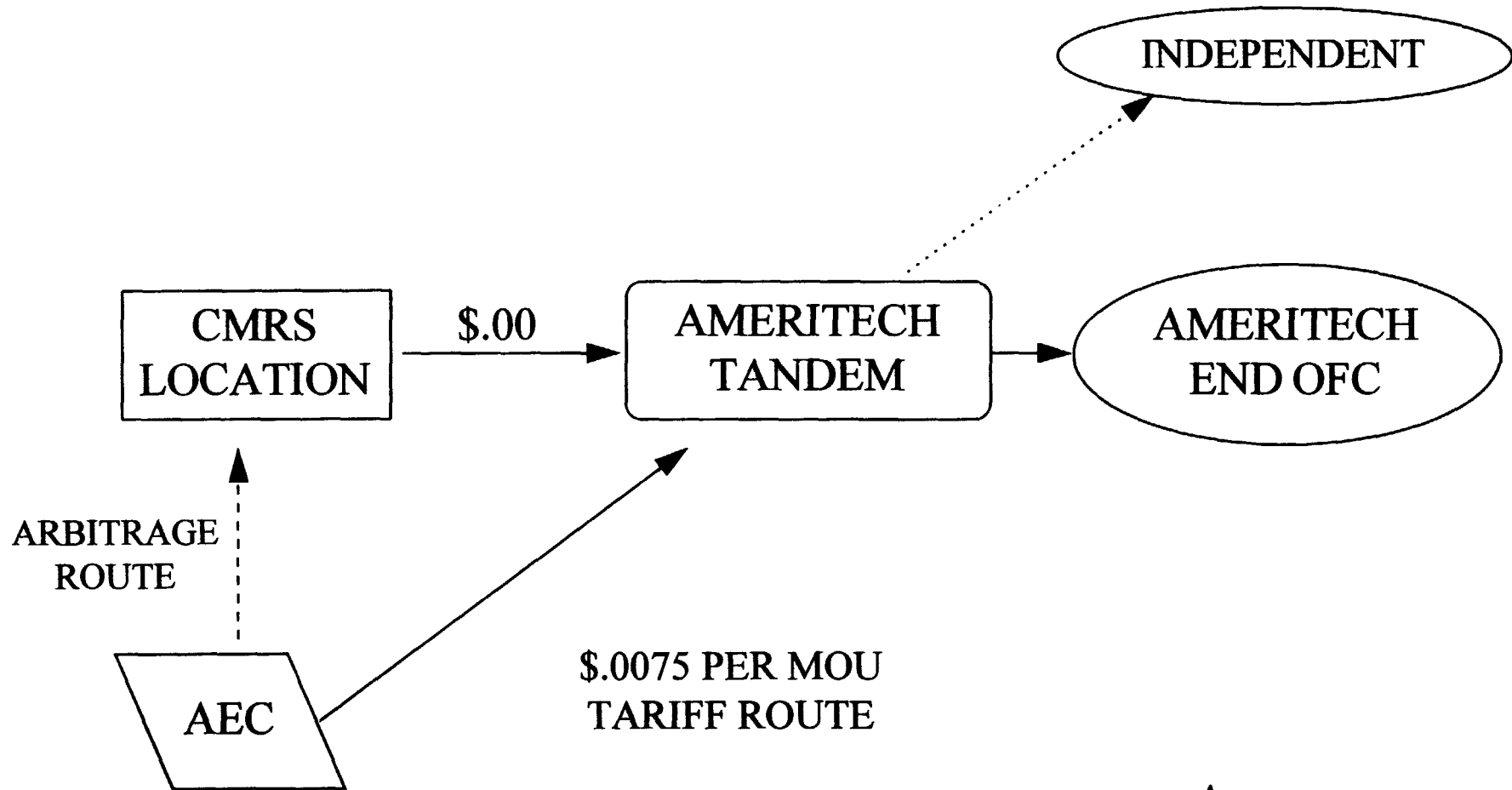


Mutual Compensation

- Mutual Compensation Paid on Local as well as Toll usage
- Type 2 Rates Moving Toward AEC Rates
- NXX Charges Reduced to Zero
- Call Record Exchange Enables Compensation Calculation

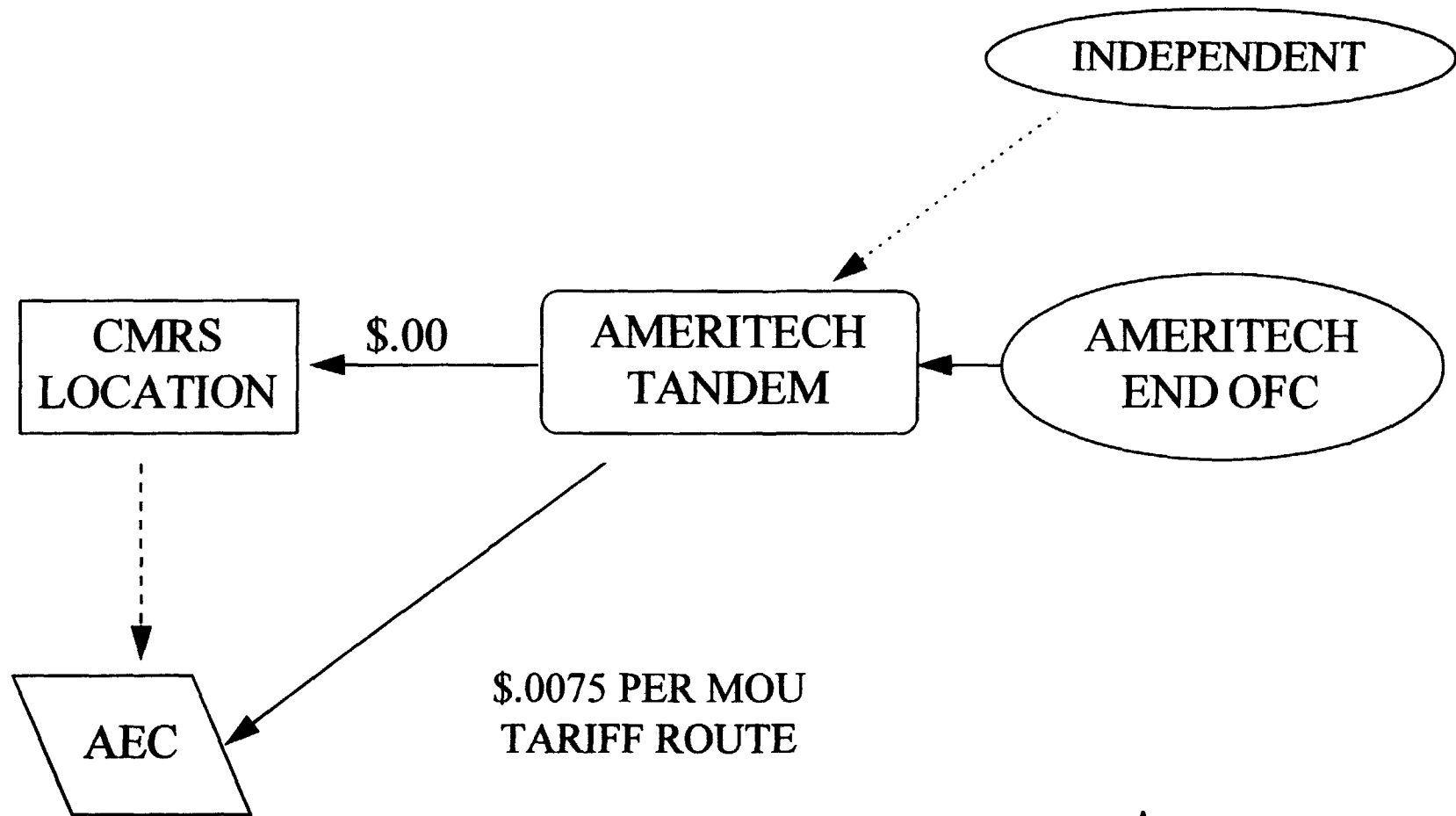


Arbitrage



Ameritech

Traffic from Independent



Ameritech

Economics of Bill and Keep

- Traffic Imbalance Exists and is Unlikely to Change
- Networks Have Different Costs
 - Termination Costs are Unlikely to Ever be Offsetting
- Pricing at Zero Discourages Efficient Investment by CMRS while Encouraging Over Consumption of LEC Network Resources
- Bill and Keep Creates a Subsidy which is Not Needed or Justified



Summary

- Negotiations Have Been Successful
- Opportunity for Arbitrage
- Costs are Not Equal to Zero, Traffic Not Balanced

- **Negotiated Agreements are the Most Effective**
- **Interim Bill and Keep is Not needed**

The logo for Ameritech, featuring the word "Ameritech" in a serif font, with a stylized swoosh or underline that starts under the 'A' and ends under the 'h'.